

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4428-06
Bill No.: HCS for SS for SB 498
Subject: Insurance - Medical; Health Care; Department of Insurance; Children and Minors;
Dentists; Chiropractors; Public Assistance; Medicaid
Type: Original
Date: May 12, 2014

Bill Summary: This proposal changes the laws regarding health insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	(Could exceed \$3,092,691)	(Could exceed \$3,771,613)	(Could exceed \$3,880,409)
Total Estimated Net Effect on General Revenue Fund	(Could exceed \$3,092,691)	(Could exceed \$3,771,613)	(Could exceed \$3,880,409)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Insurance Dedicated	Up to \$5,700	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$5,700	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 16 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Federal*	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

* Income and expenditures exceed \$10 million annually and net to \$0.

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☒ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Mental Health**, the **Missouri Department of Conservation**, the **Office of the State Courts Administrator** and **Department of Health and Senior Services** each assume the current proposal will not fiscally impact their respective agencies.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state that insurers would be required to submit amendments to their policies to comply with this legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. The number of insurance companies writing these policies in Missouri fluctuates each year. One-time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$5,700.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

Section 43.530 - Background Screening

Officials from the **Department of Social Services (DSS)** assume the current proposal would not fiscally impact their agency.

Section 208.631-208.646 - Private Insurance

Section 208.631. According to assumptions by Family Services Division (FSD), these children are already eligible but will be eligible three months earlier than they would be under current policy. There currently are 99 (35 FFS and 64 Managed Care) premium paying children who lose their coverage each month for three months. It is assumed that this change will affect only one cohort of children since all future children will need to be "uninsured" for only ninety days.

The fiscal impact will be the average monthly cost offset by the average monthly premium for three months. The annual cost will be \$11,908.

Section 208.636. According to assumptions provided by FSD, there are very few children's health insurance program (CHIP) children rejected due to the asset limit. Therefore, there will be no fiscal impact to the Managed Care Program.

Section 208.646. According to assumptions by FSD, there are 493 (175 FFS, 318 Managed Care) children each month who are removed from CHIP coverage for three months for failure to pay a

ASSUMPTION (continued)

CHIP premium. These are new children each month (not duplicated) and it is assumed that the same number will continue to lose coverage each month. It is assumed that these children will regain their eligibility three months earlier than they would have previously.

The fiscal impact will be the average monthly cost for these children offset by the average monthly premium for three months. An annual cost was calculated assuming that not all three months of the fiscal impact will occur within the same fiscal year as the child lost eligibility. The annual cost will be \$534,439. The cost is shown as unknown less than the cost for 3 months of coverage as this is the maximum cost that MO HealthNet would occur based on current participant data. Today some families may not seek coverage until later in the six month period when the child needs medical care; for these families MHD may not incur 3 months of additional costs. Some families may have affordable care for their children through the insurance exchange and not receive services under CHIP.

It is assumed the FY15 cost will be for 10 months, and FY16 and FY17 will have a 2.9% trend factor added.

FY15: Total (Unknown < \$455,289) - (GR (Unknown < \$117,601))(Federal (Unknown < \$337,688))

FY16: Total (Unknown < \$562,191) - (GR (Unknown < \$145,214))(Federal (Unknown < \$416,977))

FY17: Total (Unknown < \$578,494) - (GR (Unknown < \$149,425))(Federal (Unknown < \$429,068))

§ 208.662 - Show-Me Healthy Babies Program:

Officials from the **Department of Social Services (DSS)** provide the following information:

MO HealthNet Division (MHD):

Section 208.662. 1. Creates the "Show-Me Healthy Babies Program" which would provide medical coverage to unborn children through the CHIP.

Section 208.662. 2. Sets the income eligibility of the program at no more than 300% of the federal poverty level (FPL), subject to appropriations.

Section 208.662. 3. States that medical coverage would be limited to prenatal care and pregnancy-related services that benefit the health of the unborn child and that promote healthy labor, delivery, and birth.

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ASSUMPTION (continued)

The Family Support Division (FSD) assumes that 1,844 unborn children will be enrolled. This is the number of Medicaid for Pregnant Women (MPW) who were denied coverage for income between 185% and 300% of FPL. MHD assumes that pregnant women will be enrolled and not the unborn child. MHD further assumes that the coverage would be similar to the current coverage for the MPW population, which could include other medical issues for the mother that could affect the unborn baby (for example, diabetes or an infection). The cost per member per month (PMPM) for the MPW population is \$579.11. The total cost for a year would be \$12,814,546 (1,844 x \$579.11 x 12). There may be some additional unknown costs for programming, so that this new category of aid can be identified.

Section 208.662. 4. Requires the DSS to set up a presumptive eligibility procedure for enrolling an unborn child.

FSD currently has presumptive eligibility procedures in place.

Section 208.662. 5. States that coverage for the child shall continue for up to one year after birth.

MHD currently covers children age 0 - 1 between 185% - 300% of FPL under the CHIP program. This would have no additional fiscal impact on MHD.

Section 208.662.6. Requires coverage for the mother to continue through the last day of the month that includes the sixtieth day after the pregnancy ends. Coverage for the mother shall be limited to pregnancy-related and postpartum care.

These costs would be included in the yearly cost of the MPW population.

Section 208.662. 7. Defines the ways that the DSS may provide coverage. These include paying the health care provider directly or through managed care; a premium assistance program; a combination of the two; or a similar arrangement.

MHD assumes a one-time cost for managed care rate development of \$50,000.

Section 208.662. 8. Requires the department to provide information about the Show-Me Healthy Babies Program to maternity homes, pregnancy resource centers, and similar agencies and programs in the state. It also states the department shall consider allowing such agencies to assist in enrollment and presumptive eligibility and verification of the pregnancy.

Section 208.662.9. Requires the DSS to submit a state plan amendment or seek necessary waivers within sixty days after the effective date of this section to United States Department of Health and Senior Services.

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ASSUMPTION (continued)

MHD currently has a state plan amendment for CHIP. MHD assumes that it could submit this new state plan amendment with existing staff.

Section 208.662. 10. Requires the DSS to prepare and submit a report on cost savings and benefits at least annually.

MHD assumes that it would contract this service out at a cost of \$40,000 per year.

Section 208.662. 11. States that the Show-Me Healthy Babies Program shall not be deemed an entitlement program, but instead shall be subject to federal allotment or appropriations and matching state appropriations.

Section 208.662. 12. States that the state is not obligated to continue this program if the allotment or payments from the federal government end or are not sufficient to operate the program, or if the general assembly does not appropriate funds for the program.

MHD assumes that if the waiver were not approved or if state match were not appropriated, that this program would cease to exist.

Section 208.662. 13. States that nothing in this section shall be construed as expanding MO HealthNet or fulfilling a mandate imposed by the federal government or the state.

Total costs for the program, would be \$12,814,546 in FY13 for the unborn population plus \$40,000 per year for reporting, and a one-time rate development cost of \$50,000 and a one-time unknown cost for programming in FY15. It is also assumed that the unborn cost in FY15 will only be for a 10-month period. A 2.9% medical inflation was added to the FY13 program costs for FY14 and FY15 to arrive at the FY15 cost. An additional 2.9% medical inflation cost was added to FY16 and FY17. The federal match for CHIP services is 74.170%. Rate development, reporting and programming costs would receive a federal match rate of 50%.

FY15 (10 months): \$0 to > \$11,397,139 (GR > \$2,965,634; Federal > \$8,431,505);
FY16: \$0 to \$14,002,055 (GR \$3,626,399; Federal \$10,375,656); and
FY17: \$0 to \$14,406,954 (GR \$3,730,984; Federal \$10,675,970).

The program is subject to appropriations.

ASSUMPTION (continued)

Family Support Division (FSD):

Federal rules found in 42 CFR 457 allow states the option to consider an unborn child to be a 'targeted low-income child'. This allows an unborn child to be eligible for health benefits coverage under the Children's Health Insurance Program (CHIP) if other applicable eligibility requirements are met.

The definition of 'targeted low-income child' is found at federal rule 42 CFR 457.310. This definition limits the family income to no more than 200% of the federal poverty level (FPL). However, in Missouri, the income limit is currently set at 150% FPL for targeted low-income children. Therefore, the income limit for unborn children would be limited to 150% FPL in order to receive Federal Financial Participation (FFP, or federal matching) funds unless a waiver is requested from the federal government to expand coverage for unborn children above 150% FPL. If a waiver is not granted, unborn children coverage above 150% FPL would not be eligible for FFP and would have to be paid 100% from General Revenue (GR) funds.

The MO HealthNet for Pregnant Women (MPW) program currently covers pregnant women with family income up to 185% FPL and covers all medical services, not just prenatal care and pregnancy-related services. Therefore, FSD anticipates only unborn children whose family income is greater than 185% FPL, but less than 300% FPL would be eligible for the Show-Me Healthy Babies Program. Based on the average number of MPW cases rejected due to income above 185% FPL, but with income below 300% FPL, the FSD estimates at least 1,844 unborn children would be eligible for this program each year.

Due to the change in organization structure and the requested new eligibility system, FSD assumes existing staff will be able to maintain the increased caseload size and take applications. The FSD assumes existing Central Office Program Development Specialists in the Policy Unit will be able to complete necessary policy and/or forms changes. The FSD further assumes OA-ITSD will include the Medicaid Management Information System (MMIS) programming costs needed to implement the provisions of this proposal in their fiscal note response. Therefore, there is no fiscal impact to the FSD.

Officials from the **Office of Administration - Information Technology Services Division (ITSD)/DSS** provide the following assumptions:

MHD indicated they would require the establishment of at least one new Medicaid Eligibility (ME) code, coding to possibly enroll a participant in a managed care plan, passing eligibility to WIPRO (the DSS contractor) from the Family Assistance Management Information System (FAMIS), and review the Health Insurance Premium Payment (HIPP) coding.

ASSUMPTION (continued)

In addition, MMIS would require the establishment of at least one new ME code, development of new reports, and additional tracking of participants. The required systems work would be done by WIPRO.

MHD Estimates:

Activities	Estimated Hours
Analysis/Design/Create/Modify Specs	100
Coding	160
Testing	40
Total	300 hrs

$$300 \text{ hours} \times \$63.04/\text{hr} = \$ 18,912$$

Match rate is 50% General Revenue and 50% Federal.

Officials from the **OA - Commissioner's Office** state due to the possible duplication of services and the differences between services provided, it is unknown at this time how the Alternatives-to-Abortion (A2A) program would be impacted if this proposal is passed.

Section 376.685 - Vision Insurance

Officials from the **DSS** state that under MO HealthNet's Managed Care program and Medicaid in general, services cannot be reimbursed beyond the Medicaid covered services unless they are services provided "in lieu of" other more costly services. It is assumed the optical services that could be non-covered services would be stand alone services and not replacement services for another similar service. Therefore, the MHD does not believe these services could be reimbursed by the health plans or paid through a capitation rate by MHD. There would be no fiscal impact to the MHD Managed Care program for this requirement.

Section 376.998 - Excepted Benefits

Officials from the DSS state that this section has no impact to MHD.

ASSUMPTION (continued)

Section 376.2004 - Background Screening

Officials from the **DIFP** state that this section requires a background check to be performed on all navigator license applicants. The department assumes the applicant would be responsible for payment of the cost of the background check. No fiscal impact to DIFP is anticipated.

Officials from the DSS state that this section has no fiscal impact to the Department.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Costs</u> - DSS-MHD (§§208.631 to 208.646)			
Increase in CHIP costs due to elimination of asset limits and changes in wait periods for failure to pay premiums	(\$117,601)	(\$145,214)	(\$149,425)
<u>Costs</u> - COA			
Alternatives-to-Abortion (§208.662)	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)
<u>Costs</u> - COA-ITSD-DSS			
System programming changes (§208.662)	(Greater than \$9,456)	\$0	\$0
<u>Costs</u> - DSS-MHD			
Show-Me Healthy Babies program expenditures (§208.662)	<u>\$0 to</u> (Greater than <u>\$2,965,634</u>)	<u>\$0 to</u> (<u>\$3,626,399</u>)	<u>\$0 to</u> (<u>\$3,730,984</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(Could exceed</u> <u>\$3,092,691)</u>	<u>(Could exceed</u> <u>\$3,771,613)</u>	<u>(Could exceed</u> <u>\$3,880,409)</u>

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
FEDERAL FUNDS			
<u>Income - DSS-MHD (§§208.631 to 208.646)</u>			
Increase in program reimbursements	Unknown, less than \$337,688	Unknown, less than \$416,977	Unknown, less than \$429,068
<u>Income - DSS-MHD</u>			
Program expenditure reimbursements (§208.662)	Greater than \$8,431,505	\$10,375,656	\$10,675,970
<u>Income - COA-ITSD/DSS</u>			
System programming reimbursements (§208.662)	Greater than \$9,456	\$0	\$0
<u>Costs - DSS-MHD</u>			
Program expenditures (§208.662)	(Greater than \$8,431,505)	(\$10,375,656)	(\$10,675,970)
<u>Costs - DSS-MHD (§§208.631 to 208.646)</u>			
Increase in program expenditures	(Unknown, less than \$337,688)	(Unknown, less than \$416,977)	(Unknown, less than \$429,068)
<u>Costs - OA-ITSD/DSS</u>			
System programming expenditures	(Greater than \$9,456)	\$0	\$0
ESTIMATED NET EFFECT ON FEDERAL FUNDS	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>Up to \$5,700</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2015
(10 Mo.)

FY 2016

FY 2017

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

FEE FOR CRIMINAL HISTORY CHECK (Section 43.530, RSMo)

This bill requires the Department of Public Safety to charge a fee of \$14 to the Department of Insurance, Financial Institutions and Professional Registration for each criminal history check requested for a health insurance navigator license applicant.

STATE CHILDREN'S HEALTH INSURANCE PROGRAM (Sections 208.631 to 208.646)

Currently, the state children's health insurance program (SCHIP) defines uninsured children as an individual up to 19 years of age who meets specified criteria and whose parent or guardian has not had access to affordable health care coverage for their children for six months prior to application for the SCHIP. This bill removes the requirement that they be uninsured for six months. The bill changes the requirements of a parent or guardian of uninsured children eligible for SCHIP by removing the requirement that the parent or guardian demonstrate annually that their total net worth does not exceed \$250,000 in total value. The bill decreases the time a child is ineligible for SCHIP coverage when a parent or guardian's income is over 250% of the Federal Poverty Level from six months to 90 days.

SHOW-ME HEALTHY BABIES PROGRAM (Section 208.662)

The bill establishes the Show-Me Healthy Babies Program within the Department of Social Services as a separate children's health insurance program for any low-income unborn child. For an unborn child to be eligible for enrollment in the program, the mother of the child must not be eligible for coverage under Title XIX of the federal Social Security Act or the Medicaid Program as administered by the state and must not have access to affordable employer-subsidized health care insurance or other affordable health care coverage that includes coverage for the unborn child. The unborn child must be in a family with income eligibility of no more than 300% of the federal poverty level or the equivalent modified adjusted gross income unless the income eligibility is set lower by the General Assembly through appropriations. When calculating family size as it relates to income eligibility, the family must include in addition to other family members, the unborn child, or in the case of a mother with a multiple pregnancy, all unborn

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FISCAL DESCRIPTION (continued)

children. Coverage for an unborn child enrolled in the program must include all prenatal care and pregnancy-related services that benefit the health of the unborn child and promote healthy labor, delivery, and birth. Coverage does not need to include services that are solely for the benefit of the pregnant mother, are unrelated to maintaining or promoting a healthy pregnancy, and provide no benefit to the unborn child.

The bill specifies that there must not be a waiting period before an unborn child may be enrolled in the program. Coverage must include the period from conception to birth and the department must develop a presumptive eligibility procedure for enrolling an unborn child.

Coverage for the child must continue for up to one year after birth unless otherwise prohibited by law or limited by the General Assembly through appropriations. Coverage for the mother is limited to pregnancy-related and postpartum care beginning on the day the pregnancy ends and extends through the last day of the month that includes the sixtieth day after the pregnancy ends unless otherwise prohibited by law or limited by the General Assembly through appropriations. The bill specifies how the department may provide coverage for an unborn child enrolled in the program. The department must provide information about the program to maternity homes as defined in Section 135.600, pregnancy resource centers as defined in Section 135.630, and other similar agencies and programs in the state that assist unborn children and their mothers. The department must consider allowing these agencies and programs to assist in enrolling unborn children in the program and in making determinations about presumptive eligibility and verification of the pregnancy.

Within 60 days after the effective date of these provisions, the department must submit a state plan amendment or seek any necessary waivers from the federal Department of Health and Human Services requesting approval for the program. At least annually, the Department of Social Services must prepare and submit a report to the Governor, the Speaker of the House of Representatives, and the President Pro Tem of the Senate analyzing and projecting the cost savings and benefits, if any, to the state, counties, local communities, school districts, law enforcement agencies, correctional centers, health care providers, employers, other public and private entities and persons by enrolling unborn children in the program. The bill specifies the information that must be included in this analysis. The program is not to be deemed an entitlement program, but instead is subject to a federal allotment or other federal appropriations and matching state appropriations. The state is not obligated to continue the program if the allotment or payments from the federal government end or are not sufficient for the program to operate or if the General Assembly does not appropriate funds for the program.

These provisions must not be construed as expanding MO HealthNet or fulfilling a mandate imposed by the federal government on the state.

FISCAL DESCRIPTION (continued)

OPTOMETRIC SERVICES (Section 376.685)

The bill prohibits an agreement, for the provision of services, between a health carrier or other insurer that writes vision insurance and an optometrist from requiring an optometrist to provide additional services or materials at a limited or lower fee unless the services or materials are reimbursed as covered services under the contract. A provider is prohibited from charging more for services or materials that are not covered under a health benefit or vision plan than the usual and customary rate charged for those services or materials. The bill prohibits a contractual discount from resulting in a fee that is less than the health benefit or vision plan that would otherwise pay for covered services or materials if not for the application of an enrollee's contractual limitations of deductibles, co-payments, co-insurance, waiting periods, annual or lifetime maximums, alternative benefit payments, or frequency limitations. The reimbursement paid by the health or benefit plan for covered services or materials must be reasonable and cannot provide minimal reimbursement in order to claim a service or material is a covered service. A health carrier is prohibited from providing de minimis reimbursement or coverage in an attempt to avoid these provisions.

EXCEPTED BENEFIT PLANS (Section 376.998)

The bill prohibits any health insurance mandate that is applicable to health benefit plans written by a health carrier from applying to excepted benefit plans. For purposes of the exemption under this section, a "health insurance mandate" means a state requirement for a health carrier to offer or provide coverage for:

- A treatment by a particular type of health care provider;
- A certain treatment or service, including procedures, medical equipment, or drugs that are used in connection with a treatment or service; and
- Screening, diagnosis, or treatment of a particular disease or condition.

The bill requires that all excepted benefit plans issued on or after January 1, 2015, must include a disclaimer printed in no less than 12-point font on the front of the policy, certificate, application and enrollment form, and all advertising materials which states:

"NOTICE TO CONSUMER: THIS PLAN IS NOT CONSIDERED "MINIMUM ESSENTIAL COVERAGE" AND IS NOT A SUBSTITUTE FOR MAJOR MEDICAL INSURANCE. THIS PLAN HAS LIMITS AND EXCLUSIONS AND MAY NOT COVER ALL HEALTH BENEFITS OR SERVICES."

FISCAL DESCRIPTION (continued)

If plan identification cards are issued to enrollees of excepted benefit plans, the cards must clearly and conspicuously state on the front of the card: "THIS IS NOT MINIMUM ESSENTIAL COVERAGE."

These provisions apply to all insurers that provide coverage to residents of this state that is issued or renewed on or after January 1, 2015.

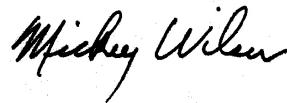
HEALTH EXCHANGE NAVIGATOR LICENSING (Section 376.2004)

The bill requires that an applicant for a navigator license must take an exam administered by the Department of Insurance, Financial Institutions and Professional Registration or an independent testing service that the department has contracted and requires applicants for individual licenses to provide two sets of fingerprints for the purpose of doing Missouri and national criminal record reviews.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration -
 Commissioner's Office
 Division of Budget and Planning
 Information Technology Services Division/DSS
Department of Health and Senior Services
Department of Social Services -
 Family Support Division
 MO HealthNet Division
Missouri Department of Conservation
Department of Insurance, Financial Institutions and Professional Registration
Office of the State Courts Administrator
Department of Mental Health



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